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FISCAL IMPACT STATEMENT

LS 6972

BILL NUMBER: SB 302

NOTE PREPARED: Feb 1, 2010

BILL AMENDED: Feb 1, 2010

SUBJECT: 911 Fees for Prepaid Wireless Telecommunications Service.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a seller of prepaid wireless telecommunications service to collect at the point of sale an enhanced prepaid wireless charge that does not exceed 50% of the monthly wireless emergency enhanced 911 fee. It requires the seller to remit the enhanced prepaid wireless charge to the Wireless Enhanced 911 Advisory Board for deposit in the Wireless Emergency Telephone System Fund. It also repeals nonconforming provisions.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Wireless Enhanced 911 Advisory Board:* Sellers of prepaid telecommunications services must remit the charges obtained at the point of sale to the Board. The Board, in conjunction with the Department of State Revenue, must establish procedures for sellers to document that sales of prepaid wireless telecommunications services are not retail transactions. These provisions may increase administrative costs for the Board.

Department of State Revenue (DOR): The bill provides that the sellers of prepaid wireless telecommunications services will be subject to the same audit and appeal procedures concerning collection and remittance of charges as with collection and remittance of state Sales Tax. The bill also provides that an audit must be conducted jointly by the DOR and the Board.

Explanation of State Revenues: *Wireless Emergency Telephone System Fund:* This bill imposes an enhanced prepaid wireless charge at the point of sale by sellers of prepaid wireless telecommunications services. The charge cannot exceed 50% of the monthly wireless emergency enhanced 911 fee. The charges collected at the point of sale will be deposited in the Wireless Emergency Telephone System Fund by the

Board. The sellers may retain 1% of the charges from consumers to offset the direct costs of collection and remittance. The amount of revenue that will be collected is indeterminable.

Background Information - The wireless emergency enhanced 911 fee is imposed at \$0.50 per phone per month. Revenues received from this fee for FY 2005 through FY 2009 are provided in the table below. After the Board recovers their administrative costs, the remaining revenue is distributed on a monthly basis to each county containing one or more eligible public safety answering points (PSAPs). A county must use the distribution to make distributions to PSAPs that accept wireless enhanced 911 service, for the actual costs incurred by the PSAPs in complying with the wireless enhanced 911 requirements established by the FCC order and rules. Any amount of revenue that remains must be distributed equally between escrow accounts for reimbursement to commercial mobile radio service (CMRS) providers, PSAPS, and the Board.

Fiscal Year	Revenue
2005	\$24.1 M
2006	\$30.5 M
2007	\$32.2 M
2008	\$24.7 M
2009	\$27.4 M

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill provides that any enhanced prepaid wireless charges collected by the Board and deposited in the Wireless Emergency Telephone System Fund will be administered in the same manner as the wireless emergency enhanced 911 fees. (See *Explanation of State Revenues* for further information regarding distribution.)

State Agencies Affected: Wireless Enhanced 911 Advisory Board; DOR.

Local Agencies Affected: Public safety answering points.

Information Sources: Ken Lowden, Indiana Enhanced Wireless 911 Board, 317-234-2507.

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